NEW HAMPSHIRE INTERLOCAL TRUST

Exploration: Healthcare Cost Containment Strategies

NEW HAMPSHIRE MUNICIPAL ASSOCIATION GOLD SUSTAINING SPONSOR

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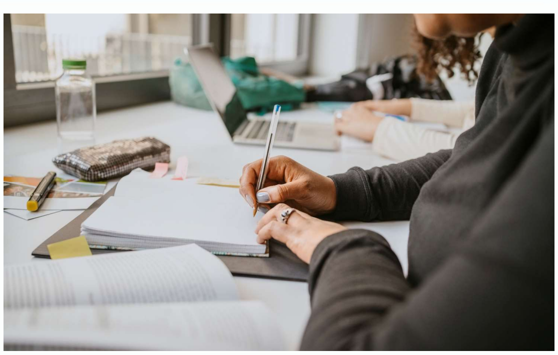
Learning Objectives



Understand the Factors Driving Healthcare Costs

Learn how claims experience and Medical Loss Ratio (MLR) influence the cost of employer-sponsored health plans and why controlling claims is essential for cost management.

Explore Plan Design Strategies

Identify how different health plan structures, such as higher deductibles and coinsurance, can help manage and reduce the overall cost of healthcare for both employers and employees.

Evaluate Consumer-Driven Health Plans (CDHPs)

Gain insight into the benefits of implementing a CDHP with a Health Savings Account (HSA) and how this plan design can encourage employees to be more cost-conscious healthcare consumers.

Consider Adjusting Cost-Sharing Arrangements

Understand how modifying employer contributions to various health plans can incentivize employees to choose lower-cost options, potentially reducing overall healthcare expenditures.

Learn Techniques to Increase Employee Engagement

Discover methods for increasing employee participation in health plan education and cost-saving initiatives, such as mandatory enrollment sessions, incentives, and regular educational opportunities.

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A Risk Pool's Approach to Rating

Determining Member Contributions

A pool only wants to collect enough to cover costs.

So, what are the costs?

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Increasing Healthcare Costs

Driving Factors

- High inflation continues to drive the cost of care up
- Clinical staff shortages are causing wages to increase
- Prescription drug costs rise by double digits
- Medical Cost Trend (2024) is 7%-9% year over year

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Anatomy of Your Healthcare Contributions

Administrative Costs

Claims Processing & Access to Networks

Stop-Loss Insurance

Claims

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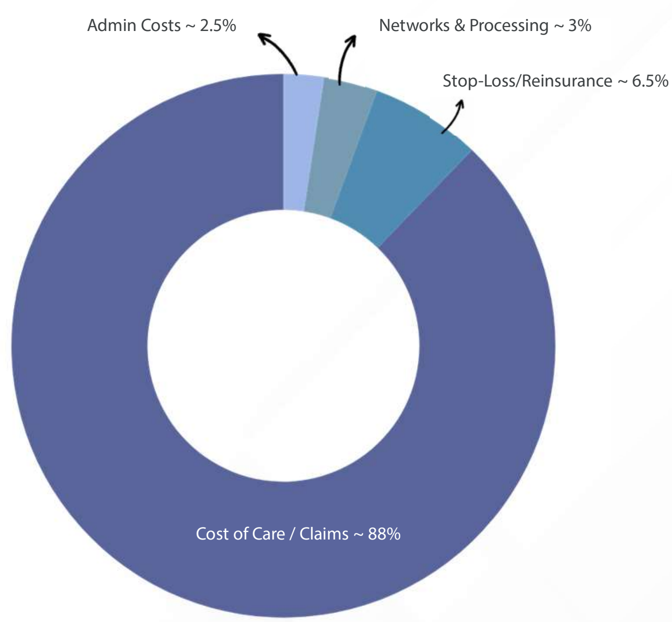
Anatomy of Your Healthcare Contributions

- Administrative Costs ~ 2.5%
- Networks & Claim Processing ~ 3%
- Stop-Loss/Reinsurance ~ 6.5%
- Cost of care / Claims ~ 88%



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Alternative Health Plan Designs

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Understanding the Benefits of Higher Deductible Plans

Deductible: The amount you pay for covered healthcare services before your insurance plan starts to pay. Example: If your deductible is $2,000, you pay the first $2,000 of covered services yourself.

Cost Reduction
Higher deductible plans can significantly lower your municipality healthcare expenses.

Informed Decisions
They encourage employees to make more informed healthcare choices.

Healthier Lifestyles
Over time, this can lead to healthier lifestyles and reduced claims.

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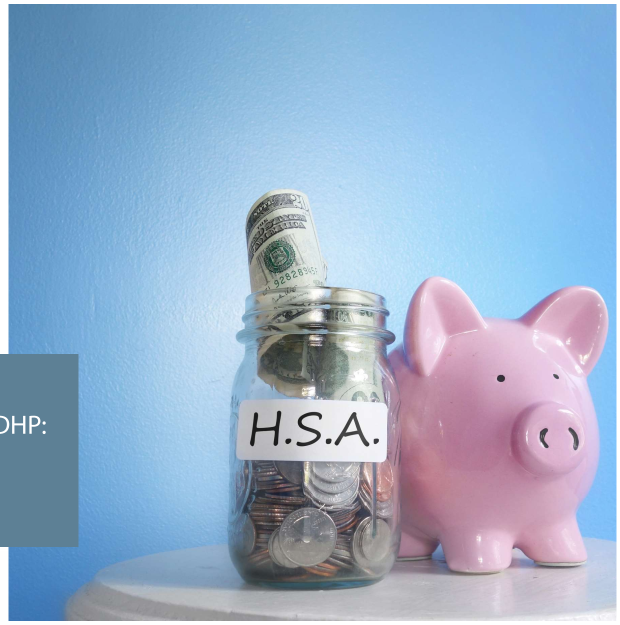
Offer a Consumer Driven Health Plan (CDHP)

A CDHP is a type of health insurance that combines a high-deductible health plan (HDHP) with a tax-advantage account, such as a Health Savings Account (HSA).

High Deductible, Lower Premium

For 2024, the minimum deductible to qualify for a CDHP:

- $1,600 for a single plan
- $3,200 for a 2-person or family plan



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CDHP's Increase Cost Transparency

Encourage Consumers to shop around for the best prices on Medical services, leading to more cost-effective decisions.

High Deductible Structure

Health Savings Account (HSA)

Preventative Care Coverage

Incentives Programs

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Health Savings Account (HSA)

HSAs offer several tax advantages that help consumers manage medical expenses.

Triple Tax Benefit

- Tax –Deductible Contributions
- Tax-Free Growth
- Tax-Free Withdrawals

Bonus

- Rollover Feature

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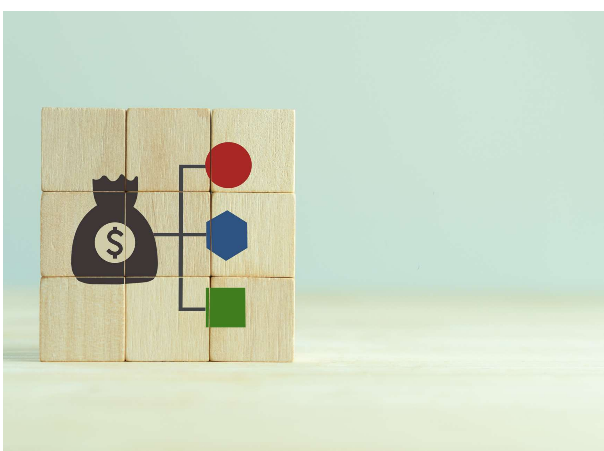

Adjusting Your Cost Sharing Agreement

Current Situation:
- Employer offers a zero or low deductible plan currently
- Employer pays 85% of the premium

Proposed Change:
- Employer reduces contribution on the low deductible plan to 80%
- Employer offers a CDHP plan with 100% contribution

Employee Benefits:
- Savings in Contribution Cost for employee enrolling in CDHP
- Savings can be contributed to HSA to cover potential out of pocket costs

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Enhancing Employee Benefits:
Making HSA's More Appealing

Contribution Matching

Boost employee savings by offering matching contributions.

Incentives and Bonuses

Offer additional contributions or bonuses for wellness program participation or health goals.

Portability

Emphasize that HSA is employee-owned and can be taken with them if they change jobs.

Education and Resources

Offer workshops, webinars to educate employees about HSA benefits and usage.

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Putting It All Together

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Navigating Healthcare CAN BE Scary…

But it doesn't have to be.

Combat the Worry

- Education
- Communication
- Resources & Tools

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Providing The Right Tools & Resources

- Plan and Cost Comparison Tools
- Open Access to Care
- HSA Preventive Drug Coverage
- Low/No-Cost Health Benefits

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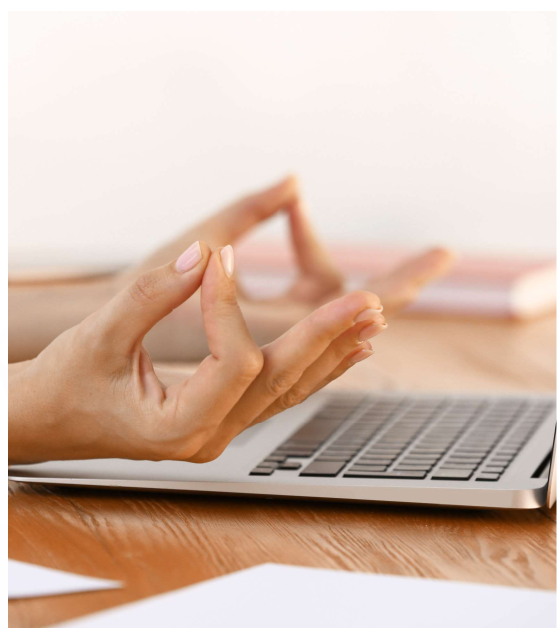
Wellness Integration

Reminders and Communications

Partner & Resource Highlights

Wellness Rewards

- Payroll $
- Wellness HRA
- Wellness HSA



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Thank You

For Your Attention

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